

# DEVELOPMENTS IN WESTERN EUROPE

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## HEARING BEFORE THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

—————  
OCTOBER 18, 2000  
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**Serial No. 106-195**  
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Printed for the use of the Committee on International Relations



Available via the World Wide Web: [http://www.house.gov/international\\_relations](http://www.house.gov/international_relations)

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U.S. GOVERNMENT PRINTING OFFICE

69-981 DTP

WASHINGTON : 2001

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WEDNESDAY, OCTOBER 18, 2000

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Committee met, pursuant to call, at 10:05 a.m. in Room 2200, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. Committee will come to order.

This morning's hearing on the developments in Western Europe will provide the Members of our Committee the opportunity to review our policy toward that region of the world in which our core national interests are most engaged. The majority of our allies are there, the bulk of our international trade and investment is with the countries of this vital region, and, of course, it is with these countries that we share our fundamental values and institutions.

Although our overall relations with these nations are excellent, it would be a mistake to not take stock of them and stress those areas where we may differ and disagree. This is particularly true with regard to the members of the European Union as we continue to work on the European Project, creating the bonds and institutions that have already led to a single European currency, as well as efforts to forge a more common foreign and security policy that are the main attributes of a single sovereign state. The implications of these developments may be profound for the citizens of our own Nation, but which, in this time of unprecedented peace and prosperity, are not much discussed outside the bounds of policy-making circles and our institutions of higher learning.

The European Project has not been without its own difficulties. The dramatic plunge in the value of the euro since it was launched last year is evidence of these problems as is the ongoing difficulty in agreeing to enlarge the European Union to include some of the countries of Central and Eastern Europe that have long regarded EU membership as a cementing of their status as independent states sharing in the free market and democratic traditions embodied in the countries of the West.

Attitudes among Europe's elite toward America are also shifting in the aftermath of the Cold War. Comments by officials of one of our closest allies suggest, for instance, that Europe should be concerned about tendencies in our country to pursue neounilateral policies, and that European integration is necessary to provide a counterweight to curb the exercise of American power.

How widespread these critical attitudes are among the countries we look to as partners for cooperative efforts to meet those chal-

lenges that confront all of us is a significant question which we hope our witness from the State Department will be able to address this morning.

I would like to welcome Principal Deputy Assistant Secretary Charles Ries of the Bureau for European Affairs, and I want to thank Mr. Ries for his appearance at this hearing. Mr. Ries transferred to the Bureau earlier this year from our embassy in London where he served as the Minister Counselor for Economic Affairs. Prior to that assignment, he served at our mission to the European Union and has served in a number of interesting positions related primarily to our trade and economic policies.

Mr. Ries, you may proceed with your testimony, which will be entered in full in the record, and you may abbreviate it as you deem appropriate, but first, I would like to call on our Ranking Minority Member, the distinguished gentleman from Connecticut, Mr. Gejdenson.

[The prepared statement of Mr. Gilman is available in the appendix.]

Mr. GEJDENSON. Thank you, Mr. Chairman. I would like to also welcome our witness here today, and obviously from both a military and economic perspective, Europe is a critically important area for the United States. The issues we have dealt with them on are varied, from Milosevic to missile defense, to the economic kind of issues, whether it was the battle over hushkits, where the Europeans tried to use the EU to block American products, or whether it was our own missteps where changes in our own export laws has most of the European foreign ministers saying that they will try to exclude American parts from their satellites because of our convoluted satellite export policy.

The Congress itself has been somewhat schizophrenic in response to the European defense initiative. The Congress condemns the Europeans on one hand for not being full partners and pulling full weight, but when the Europeans tried to coordinate their defense production and resources, the Congress seems anxious about that as well.

I think that trade issues and the defense issues and issues like missile defense where America has an instinct to go it alone complicates not just our relationship with Russia, but also with Western Europe. So I join the Chairman in looking forward to hearing your remarks in these areas. It is obviously a very broad field of interest for the United States.

Thank you.

Chairman GILMAN. Mr. Ries, you may proceed.

**STATEMENT OF CHARLES RIES, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE, BUREAU FOR EUROPEAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. RIES. Thank you very much, Mr. Chairman. I have a full statement that will be entered in the record. I will just make some introductory comments and look very much forward to a dialogue with you and the Ranking Minority Member.

Chairman GILMAN. Without objection, your full statement will be made part of the record.

Mr. RIES. I thank the Committee for the invitation to meet with you today. We see our foreign policy as a partnership between the executive and the legislative branches in service to the American people, and this is an opportunity—this hearing today is an opportunity to have a dialogue, very much a true dialogue on our goals and objectives in Europe.

Mr. Chairman, the great lesson of 20th century history is that the destinies of North America and Europe are joined. If Europe is secure, America is more secure. If Europe prospers, America does as well.

The U.S. is focusing on three opportunities in our relationship. Our first opportunity is in Europe itself, ensuring the continuing integration of the continent so that conflict in Eastern Europe becomes as inconceivable as conflict in Western Europe, and hope for a better life is shared across the continent.

The second opportunity is between Europe and America, strengthening and deepening the bonds between our societies in ways that make a positive, tangible difference in our daily lives.

The third opportunity extends beyond Europe and America, improving our opportunity to deal with issues in a wider world that neither of us acting alone will be able to confront effectively.

When we pull together, the transatlantic community is the engine in progress on every world-scale issue. When we pull in different directions, the engine is less efficient.

To benefit from a stronger Europe, we need to work with Europeans to build a more democratic and stable Europe. In Brussels, on March 30th, we agreed with our European partners to launch \$2.3 billion of quick start programs for Southeastern Europe. Of that amount, the U.S. share is \$77 million, about 3.2 percent of the total, but real structural change and future conflict prevention requires long-term engagement.

Mr. Chairman, one area where that engagement will be critical is Serbia. The election and swearing in of President Kostunica is an extraordinary victory for the people of Yugoslavia, who have already chosen democracy and a future in Europe over dictatorship and repression. A democratic Serbia committed to the rule of law, the establishment of which President Kostunica has made one of his primary goals, will be a welcome addition to Southeast Europe.

President Kostunica has affirmed the adherence of his government to the Dayton Agreement for Bosnia and to U.N. Security Council Resolution 1244 on Kosovo. A democratic Yugoslavia can provide a new basis for strengthening regional cooperation and advancing democratic and economic development throughout the region. We expect Yugoslavia to meet the same standards on human rights, rule of law and cooperation with the international community as other states.

Key to the success of this effort will be doing our part to consolidate the democratic changes in Belgrade. We want to show the people of Serbia there is an immediate democracy dividend. We are working in close cooperation with our European allies to this end. One of our first steps has been to lift the oil embargo and the flight ban, as President Clinton announced on October 12th. Lifting the sanctions is part of the implicit promise we made when we imposed

them, that a return to democracy by the people of Serbia would be rewarded.

We should continue and, as appropriate, increase assistance to humanitarian needs and strengthen democracy in the FRY. We are consulting with Congress in the context of the appropriations discussions which are still ongoing and the fact that the new government is still in the process of forming to determine appropriate levels of assistance.

Mr. Chairman, the United States is dedicated to conflict resolution and management in other parts of Europe as well. We are working closely with Greece and Turkey in the search for a solution to the Cyprus problem. In Northern Ireland we support local leaders and the governments of Ireland and the United Kingdom to achieve a lasting political settlement. We have also had enormous success in correcting wrongs of past conflicts in the area of compensation through forced and enslave laborers in World War II. We are addressing similarly difficult issues of property restitution.

The United States is working with our European allies to strengthen defense capabilities in Europe, as you mentioned. NATO's open door policy and the Membership Action Plan are key elements in our work. Kosovo demonstrated the clear gap between U.S. and European military capabilities. ESDI and NATO's Defense Capability Initiative are a way for Europe to take more responsibility for its own defense. A stronger European military contribution will make the alliance stronger, lift some of the burden on the U.S. to act in crises, and make the U.S.-European relationship more of a partnership while in no way eroding the transatlantic alliance that we have worked so long to establish.

We have a vibrant multifaceted relationship with the European Union as well, as embodied in the new transatlantic agenda of 1995. Mr. Chairman, you make a major contribution to this effort through your active participation and that of your colleagues in the transatlantic legislators dialogue. Your tireless efforts and those of others in Congress help us reach members of the European Parliament and national parliamentarians throughout Europe. In this way we can "design-in" compatible approaches to common problems right from the outset.

We are otherwise engaged with the EU across a range of economic foreign policy and global issues. We hope to resolve important trade disputes between us. We are acting together to advance our common foreign policy objectives worldwide, in Southeast Europe, the Korean Peninsula and Ukraine just to name a few examples.

With the EU we are tackling new challenges. At the Lisbon summit last June, we crafted a safe harbor approach to data privacy protection. We have launched an important effort to find common ground on biotechnology and to fight HIV/AIDS and other infectious diseases. Similarly, we are working together to promote e-commerce and information society links between us and worldwide.

Cooperation between the United States and Europe also means working closely to strengthen the OSCE, the Organization for Security and Cooperation in Europe. The OSCE has dramatically improved its ability to address emerging crises through rapid deployment of civilian expertise, using innovative tools such as the rapid

expert assistance and cooperation teams, better known as REACT. OSCE missions in many countries funded through peacekeeping funds help alleviate conflict and reinforce human rights practices, and we are using OSCE as an important tool in our fight against trafficking in women and children.

The United States encourages regional cooperation in Europe, not only with the stability pact in Southeast Europe, but in Northern Europe, in the Baltics, via the Northern Europe Initiative. I would like to thank the Committee and particularly you, Representative Gejdenson, for your support of the Northern Europe Initiative. You recognized that relatively modest U.S. funding for regional approaches is the key to leveraging greater support for the Baltics and Russia.

Finally may I note that we are taking great strides to ensure that management of the European Affairs Bureau here in Washington contributes to greater policy success in the field. Reinforcing the security of classified information is at the top of our priority list. We have had European Eurowide town hall meetings and are closely reviewing our security arrangements and updating our standard procedures as part of a commitment on the part of the bureau leadership to an absolutely secure environment.

This is just a brief list of EUR Bureau activities set out more fully in my written statement. Behind these policies are a great team of dedicated people. However, at this time we don't have the resources to fully realize our opportunities in Europe. We lack technology, infrastructure and enough people to do all that we are called upon to do. If we don't support our diplomatic readiness, our policies become harder to implement, and U.S. interests suffer.

The bottom line, though, is that our partnership with Europe does real things for real people. It generates jobs. It stimulates investment. It reduces the threats we face from crime, terrorism, nuclear arms proliferation, drugs and disease. It increases our security and cuts the cost to the American taxpayer of achieving that security. When it works, it enables us to achieve goals we could not achieve alone. When it does not, stalemate and crisis can result. But making it work requires resources, personnel, facilities and funding to pursue expanding U.S. interests.

Thank you very much.

Chairman GILMAN. Thank you, Secretary Ries, for your analysis. [The prepared statement of Mr. Ries is available in the appendix.]

Chairman GILMAN. Let me ask, many observers believe the time line for EU enlargement has slipped with no new entrants likely before 2003. How long do you expect the current round of enlargement negotiations to last, and has the EU's decision to expand membership negotiations through a greater number of countries led to a general slowing down of the negotiations, or rather than institutional process problems, is there simply a growing reluctance to actually take this step of enlargement?

Mr. RIES. It is a difficult series of questions, Mr. Chairman. I would say that there is widespread recognition in Europe that enlargement of the European Union is an imperative for Europe and for the EU's relationship with its neighbors. Part of the task that the EU faces is that there are so many countries that have a valid

claim on accession into the European Union. The European Union realizes that in order to bring in a substantial number of new members, it will have to make substantial institutional changes in its constitutional arrangements, number of commissioners, the way they handle the Presidency, the question of voting, matters that are decided by unanimity. These are very difficult questions for them and are the priority topic for the present Presidency of France and were the subject of a summit meeting last weekend.

Because they are so difficult, though, they are hard to resolve, and it remains EU's objective to come up with a new institutional basis for relations among member states that would allow for accession and to do that at the summit at Nice in December. We very much hope that they succeed in that.

You asked a question, though, whether the unprecedented large number of accession candidates—the difference in development levels between many of these candidates and the EU 15 now—and these institutional problems may cause a further delay in the timetable. I certainly hope that is not the case. I think that the Europeans acting collectively in Brussels and many of our major European partners as a matter of national policy certainly favor entry as soon as possible with as many countries as qualify.

It is a very difficult task though. The longer the EU goes on, the body of legislation that they have adopted over the years since the 1950's in the initiation of the organization becomes a bigger and bigger task. Each new entrant faces a larger legislative task. I would be loath to speculate exactly when the first tranche would come in, only to say we certainly hope it would be as soon as they possibly can.

Chairman GILMAN. What you are telling us then, is that there is no general reluctance.

Mr. RIES. I don't think so. There are occasional politicians who occasionally suggest things. There was a great deal of attention placed in the comments, apparently offhand comments, of one commissioner in Germany that maybe there ought to be a referendum, and there was the suggestion that that might presage a general change in policy to slow up accession. I think the reaction to the reporting of that comment both from the Commission itself and from the German government and other governments involved indicates no slackening in the political commitment to enlargement as soon as possible.

Chairman GILMAN. Secretary Ries, which countries are up front on being considered as potential new members?

Mr. RIES. If you ask any of the 12, they would say, "me".

Chairman GILMAN. Which 12 are there?

Mr. RIES. Is this a trick question, I have to list them all?

Chairman GILMAN. Not at all. If you just tell us who are the dominant.

Mr. RIES. The Baltic three, Latvia, Estonia, Lithuania; the Visegrad four, which would be Poland, Hungary, Czech Republic and Slovakia. That is seven. Then we have Bulgaria, Romania, that is nine; Cyprus, Malta, 10, 11.

Mr. GEJDENSON. Slovenia.

Mr. RIES. Slovenia, thank you very much.

Chairman GILMAN. So these are all up front for future consideration?

Mr. RIES. That is right. And the Turks are also, after the Helsinki summit, considered to be an accession candidate. They do not have accession programs under way.

Chairman GILMAN. Mr. Secretary, how can the inefficient, protectionist common agricultural policy which presently consumes half of EU's budget be sustained if EU membership is offered to poor, agrarian states in Eastern Europe.

Mr. RIES. Well, the Europeans themselves recognize that the common agricultural policy requires further and substantial reform. They agreed to this a couple of years ago at Berlin. They understand that the current agricultural policy in its present form is unsustainable with the accession of many of the states, in particular Poland, which has a very large agricultural sector.

Fortunately, this is something that would be good for the world anyway. We are just finishing the period of implementation of the Uruguay Round, which required the Europeans to make a substantial cutback in the export subsidies that they gave that supported the high-price common agricultural policy, and we are hoping that we will have very soon a new round of multilateral trade negotiations. In any case, it was agreed during the Uruguay Round that we would start, and we have started agricultural negotiations in the WTO to take on the next phase. In our view, the common agricultural policy disadvantage particularly the poorer countries around the world, because the Europeans—because they have this high-price, high-production policy, have to export their surpluses at rock bottom prices, and that harms other producers of agricultural commodities it is particularly onerous for the Third World as well as our own agricultural exporters.

So in sum they need to reform the common agricultural policy to meet their international trade objectives, and they need to reform the common agricultural policy in order to handle enlargement, and fortunately they recognize the need to do both.

Chairman GILMAN. So as part of their reforms, is there any real prospect of European liberalization of agricultural policy in the forthcoming trade negotiations?

Mr. RIES. We think so.

Chairman GILMAN. It has been reported that some EU members are pressuring EU aspirant countries to sign contracts with European firms or give preferential treatment to European-based businesses at the expense of our own companies by hinting that it will enhance the prospects of their becoming EU members. Even more seriously, there have been reports that aspirants are being pressured to take diplomatic positions, including within NATO, that support certain EU members against the United States. Are those allegations accurate to some degree, and if so, what are we doing about that kind of blackmailing of Central and Eastern European countries to the detriment of our own interests?

Mr. RIES. Well, we have heard reports of that nature, Mr. Chairman, and let me assure you we take them very seriously. I have since May, since actually arriving in my present job, led a dialogue with the European Commission in Brussels about enlargement, just give us a forum to take up these very matters, and I have

raised a number of cases in which we had the indication or the concern that the European Union institutions or individual member countries were using their leverage, real or potential, over the aspirant countries for either commercial advantage or for policy advantage in terms of crafting European legislation. And we have really been quite clear with the Commission that we did not consider that to be a responsible way to proceed, and they have agreed with us, and they have agreed to look into any particular instances that raise concern with us, and they have done so.

We don't, though, leave it there. We also, of course, have very important bilateral relationships with all of these countries. Many of the aspirant countries are themselves—some of them are members of NATO, and all of them have close relations with us, and those are relations that they value, they themselves value. And so when we hear tales of this sort, we also stand up and are counted in the capitals.

Chairman GILMAN. With regard to our good relations with them, despite U.N. Secretary General Kofi Annan's recent statements that words can inflame or soothe, that everyone needs a restoration of calm or quiet so as to create the best possible atmosphere for resumption of talks, according to Secretary General Kofi Annan, in the Middle East, the U.N. General Assembly plans an emergency session today, as a matter of fact they are meeting now, in which a resolution will be considered which once again condemns Israel. It almost sounds to us like the U.N.'s racism resolutions of the past. And I have been calling on our colleagues to join with me in condemning the latest active incitement, but I wanted to ask you, Mr. Secretary, what is our Nation doing to build opposition to that kind of a measure to ensure that it will be defeated?

Mr. RIES. Well, Mr. Chairman, I am sure that we are making an all-points effort to deal with this, as well as other aspects of the Middle East crisis that we have been within the last 2 weeks, and as we did with the last resolution. We will talk to our European allies that are permanent members of the U.N. Security Council—France and the UK—and our other major European allies, to make sure that they understand the implications of anything that is being considered and make sure that our views are clearly known there. We do this normally here, in New York and in capitals, and the Secretary, as you know, speaks to her European foreign minister colleagues several times a week, and she will and does raise these issues with them.

Chairman GILMAN. Well, I would hope that when you return to the office after this hearing, you will engage in that process before the resolution is adopted, and we would enjoin our Secretary of State to participate in that effort. I met yesterday with Mr. Holbrooke, and I know he is hard at work on this, but he needs some help from all of us in appealing to the European Union representatives to work along with us rather than at opposite poles.

Mr. RIES. We will do so.

Chairman GILMAN. Thank you, Mr. Ries.

Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman.

How does the creation of a distinct European defense identity play into Russia's present sense of unease about NATO expansion?

Does it actually mitigate because it gives the appearance of multiple fields of interests, or does it enforce the anxious state of the Russian Government in seeing the West ever moving eastward and giving them a greater feeling of insecurity?

Mr. RIES. That is an interesting question, Congressman. I am thinking about it. I would think that the development of the European Security and Defense Identity per se would not be considered to be an additional or grievous threat to Russia's security interests. It is taking place in the framework of NATO. After all, the European Security and Defense Identity is in a way the development of a European capability that would take place, be separable but not separate from NATO, and it is not changing, if you will, the boundaries of the NATO area of interest and operation. And in a sense, because it is in the context of NATO, the NATO Permanent Joint Council relationship with Russia gives Russia an ability to have a dialogue with the Europeans with respect to European defense. I have seen no indications that the Europeans are concerned to reassure Russia. I think that they are confident that the Russians understand that this capability is designed to deal with a variety of largely international tasks. Short of war, it is not an offensive capability. So I would be surprised if it was a major concern for the Russians.

Mr. GEJDENSON. There is apparently a recent agreement among six Western European countries to work toward a common export control regime. The impact on the United States seems to me to be, you know, one more step in isolating America's somewhat convoluted export policies in that there will be even more pressure within the EU not to do business with the United States.

And I have referenced the actions taken by Daimler-Benz. Following the United States moving satellite export licensing from Commerce to State, I think almost every one of the NATO foreign ministers sent us a letter saying they would, where possible, now buy components from outside the United States because they see us as an unreliable supplier, and where there are no alternative suppliers, they will seek to create alternative supplies.

And that ties into my next question, which I would like to combine here, and that is that the EU has been protectionist in places like agriculture and hushkits and jet airframes and things. I believe in a good economy. If the economy stalls, it seems to me the United States has to confront an EU that will be more focused on protectionism than it has been during that time of economic expansion.

So in a combination of America's own stupidity in how we formulated our export laws, partly due to Congress and partly to European protectionism, I think we could have some serious problems in the critical fields where the growth of the American economy is at stake. They are not going to do this across the board. So, in a sense, it doesn't galvanize American public opinion. It will be in high technology and computers and jet engines and airframes and critical areas where the future is. Do you see that as a problem?

Mr. RIES. Well there are a number of points in your questions, and let me see if I can address, them in this way.

First of all, I think that we share an interest with the Europeans, a fundamental national security interest, in making sure

that technology that assists adversaries or potential adversaries is adequately controlled. Obviously, there is the potential of countries around the world developing missile systems and weapons of mass destruction and other high-tech instruments that could threaten our security, and they also threaten the security of the Europeans. Both of us, therefore, have export control regimes, and through the Wassenaar Arrangement we actually coordinate our export control efforts.

Mr. GEJDENSEN. You are not seriously arguing that Wassenaar is a real coordination? I mean, we didn't have real coordination during the Soviet era and COCOM where basically the Germans, the French and others had, you know, one of those things you go through on the subway without a coin, though, just a spinning rotation, whereas American export licenses could get bogged down for months here? You are not arguing that the Europeans take export controls with equal seriousness to which the Administration or Congress does?

Mr. RIES. I am arguing that we both have similar objectives, and the Europeans in doing this six-nation agreement are doing it for similar objectives. The purpose is to try and focus controls and to keep technologies out of the hands of countries of concern. I am not a great expert, obviously would not want to speak to the actual effectiveness in specific cases, but what I would say is that we share this goal of protecting sensitive technologies, which is why we have the export control laws and regulations that we have and why they have the ones that they have, and we do have a forum for coordinating.

We also, though, both sides, are interested in promoting transatlantic defense collaboration. The United States this spring announced a defense trade security initiative designed to simplify the parts of U.S. export control regulations that inhibit or seem to inhibit defense collaboration and trade between the United States and our European allies, and implementation of that defense trade security initiative is proceeding.

I know that various participants in the satellite and other high-tech markets are concerned that the export control rules that we have and the way that we proceed to implement those rules inhibit their commercial flexibility, and that is, I suppose, to be expected when national security objectives have to interact with the rapidly changing largely commercial market.

Your question, though, also turned to the point about whether the EU is turning more or would turn more protectionist in the context of an economic slowdown. There is always that risk, and obviously a good part of our trade policy is to confront any hint or aspect of such a turn that we should see.

I think it is fair to say that with respect to Europe, as well as the rest of the developed countries, we have actually seen a gradual, if not dramatic, liberalization in trade barriers in the last decade. We feared very much that the creation of the single market in Europe would lead to Fortress Europe and raising of barriers toward our exports in high-tech areas as well as others, and, in fact, that really hasn't happened.

The hypothesis that if the economy goes down, protectionism will increase has been one that we have seen many times and I have

experienced several times in my professional career. I actually think that there is an alternative explanation that could also apply in that we have had such a period of rapid growth. Many of our industries and many European industries in the high-tech area have had trouble with keeping up with domestic demand. If there actually is a slowdown in domestic demand, it is more likely that high-tech industries are going to be looking more intensively at international markets, and that might actually add to the steam for further liberalization of international trade.

Mr. GEJDENSON. Thank you.

Chairman GILMAN. Mr. Secretary, does the present Administration view with alarm the French rhetoric articulated by both President Chirac and Foreign Minister Vedrine that implies that a motivating factor for European integration is a desire to challenge America's global preeminence? I know the French have never been very helpful in these areas.

Mr. RIES. Well, Mr. Chairman, I think that we don't in general greet any ordinary sort of political rhetoric with alarm in Europe. We have a very mature relationship very much based on close cooperation and understanding, and the President has that kind of a relationship with President Chirac and Prime Minister Jospin, and we understand that occasionally in politics the rhetoric gets away from the reality, and so alarm is probably too strong a word.

I think it is true that some European elites have concern about a world structure in which the United States has disproportionate power relative to other players in the international community, and we have done polling in Europe to try and understand this phenomenon. From what we can tell, the fundamental ties that unite us and the fundamental interest and support for America, American values and American positions in the world really remains quite widespread. There are ups and downs in attitudes that are often tied to short-term, transitory events and that we do not think that they presage some sort of serious undermining of the transatlantic relationship.

Chairman GILMAN. Well, Mr. Secretary, how widespread is the anti-Americanism feeling among the European elite, the policy-makers?

Mr. RIES. I think it varies by country. In no place is it fundamental or even dominant.

Chairman GILMAN. Mr. Secretary, Secretary of Defense Cohen told a recent meeting of NATO defense ministers that the U.S. viewed the creation of a separate EU defense capability outside of NATO as natural and inevitable. Why has the Administration apparently abandoned our concern that the European Union was developing military structures separate and apart from NATO and while many of us are concerned that that kind of a structure could eventually erode NATO?

Mr. RIES. Well, I think, Mr. Chairman, we think that the European security and defense structure that is being developed is being developed within the context of NATO, and we have long supported the idea of a European Security and Defense Identity that strengthens the alliance and contributes to our own security.

The Europeans are developing a rapid reaction force of about a corps size that they could maintain in the field for a year or more,

and this gives them the capability to act when the alliance is not engaged. That is the fundamental arrangement that was reached last year here in Washington at the 50th summit of NATO, and we think that the implementation and the development of this capability will strengthen NATO rather than weaken it. These forces will be—there is one pool of forces that could be drawn upon by NATO members for NATO contingencies as well as others.

The Kosovo conflict demonstrates quite vividly the asymmetry in the forces available to NATO members and brought out quite obviously the need to build a bigger European capability. And the European security and defense proposals help make a case for that strength and capability, and we are very much engaged with the EU now in common planning, using of our planning assets to figure out what kind of force they need, how that force can be developed in such a way that it can be compatible with NATO standards and forces and use NATO contingencies as well as times that NATO, the alliance as a whole, is not engaged and Europeans choose to act alone.

The long and short of it is we expect that the development of this force will strengthen the alliance.

Chairman GILMAN. Well, essentially won't they be calling on NATO for the military forces that they plan to utilize under this new structure?

Mr. RIES. Well, they will have their own military forces. They may well call on some NATO assets, intelligence and communications assets, in specific contingencies, and that is part of what we are working out, the ways that they can have access to NATO assets. And the whole package is—there are a variety of different interfaces between the EU's effort and NATO. We are talking between the NATO 19 and the EU 15. We are having discussions. There are discussions being held between the EU, and its non-EU European allies in the so-called "15 plus 6" format. The planners are talking. There is really a great effort being made by both sides to make sure that the development of the European Security and Defense Identity strengthens the alliance as a whole.

Chairman GILMAN. Will this new EU rapid reaction force need some aircraft or carriers, as some in the European Parliament have suggested?

Mr. RIES. Well, it will certainly need aircraft, and part of the project is to get individual member states to pledge assets that can be used by this new rapid reaction force.

Chairman GILMAN. Well, some of it—there is question whether some of these European countries who have been cutting back on their military budgets are going to be able to manage this kind of an arrangement financially.

Mr. RIES. And that is a fair question, and there are those in Europe who also question that. The Europeans are aware that they need to build political support for that, and they need to bring along their publics to support increased effectiveness in their military forces. The French are hosting a capabilities conference in November at which countries will come forward and talk about what specific kinds of forces they would make available for this European security and defense program. In many cases the Europeans use their military forces for a variety of different things, and they

have a lot of men under arms, some of which are not trained or usable in a contingency.

Some of the increased capability can be accomplished by spending smarter rather than spending more, but it is likely that some additional spending and certainly new weapons systems will need to be procured.

Chairman GILMAN. Well, Mr. Secretary, what do aircraft carriers have to do with the Petersburg test? Why aircraft carriers?

Mr. RIES. It is news to me they would build an aircraft carrier.

Chairman GILMAN. Well some of the EP members have been talking about that.

Mr. RIES. I see. The French and British, of course, have their own national aircraft carriers. I had not heard of any. There may be speculation of that nature, but I don't think that that is necessarily a part of the ESDI program.

Chairman GILMAN. Let me talk for a moment about the national missile defense. The Administration contends it has consulted with our allies on the ABM Treaty, beginning at a high level with Deputy Secretary of State Talbott's meeting with the North Atlantic Council back in 1999 and continuing with the sharing of intelligence estimates about the potential missile threat from North Korea, from Iran and Iraq. Our European allies have criticized this consultative process as having been neither sufficient nor timely. Would you be able to comment on that for us?

Mr. RIES. I haven't heard such criticism lately. The U.S. actually undertook a very active program of consultations with the alliance on national missile defense. We sent not only Deputy Secretary Talbott, but a series of briefing teams to Brussels to brief, in NATO, on the threat and to talk about our analysis of the implications of building on deterrence and a variety of other—the arms control implications, why we see the ABM Treaty affected. We talked to them. We gave them several, numerous briefings on the substance of our conversations with the Russians.

So it is probably true that there were some comments at the outset, 1998, early 1999, of the kind you mention, but I think more recently during the course of the past 12 months or so, they have been really quite pleased with the degree and the kind of consultations we have engaged in.

I think it is fair to say that the Europeans share our analysis, the President's analysis, underlying his decision to postpone a deployment decision because they, on the basis of the briefings we have given them and otherwise, feel that the technology wasn't in the position where he could make a judgment, and so there certainly is no divergence between us on the question of deferral of deployment for the time being.

Chairman GILMAN. Well, Secretary Ries, is there a uniform position on NMD among our European allies, and if not, what are their different points of view on this proposal?

Mr. RIES. We could get that for you, Mr. Chairman. I am an economist, so I would rather stay out of characterizing individual countries.

Chairman GILMAN. If you could submit a response for the record. [The response by Mr. Ries is available in the appendix.]

Chairman GILMAN. Can you tell us, how does a recent decision by our Nation to intervene and support the euro comport with Secretary of Treasury Summer's statement that a strong dollar is an important national interest?

Mr. RIES. I believe the Secretary reaffirmed that as he—we have a firm and consistent policy of not commenting on exchange rate values, and if anyone says anything, it is the Secretary of the Treasury, and so consistent with that, I would stay away from characterizing our views. I think that the Secretary's statement on the occasion of the intervention along with other G-7 countries stands on its own, and I would rather keep it there.

Chairman GILMAN. With regard to the euro being now at low levels relative to the dollar that it was before the joint American, European and Japanese intervention, was our decision to participate in the intervention ill-considered?

Mr. RIES. Mr. Chairman, I refer you to the Treasury for details on what it is we did and why, but clearly I would not think that it was ill-considered.

Chairman GILMAN. If the value of the euro continues to collapse, will we continue to intervene and support it?

Mr. RIES. I am really not able to comment on any plans we might have for intervention or—at the State Department we leave all such matters to the Treasury Department.

Chairman GILMAN. Is there any discussion between State and Treasury on this since it is an important policy matter?

Mr. RIES. Well, clearly the Treasury is in touch with the White House.

Chairman GILMAN. Have they been in touch with your office?

Mr. RIES. Not my office specifically, sir.

Chairman GILMAN. With the State Department?

Mr. RIES. I can't say.

Chairman GILMAN. Would you have any recommendations to Mr. R

tent that a policy or the implementation of a policy by the Treasury Department involves foreign policy, yes, clearly we should be involved.

Chairman GILMAN. Well, I would hope your department would be involved as we look to what is happening to the Euro and what we should be doing and whether we should intervene or not intervene. It would seem to me that when the State Department engages in trade discussions or any concessions that there should be some consideration with regard to the Euro, and I would hope that you would encourage the Department to become more actively involved.

Let me turn a moment to northern Ireland. In legislation now being moved in the British Parliament, the British government has watered down the most important recommendations of the Patton Commission on policing in northern Ireland and that is a very key consideration in the continued peace process. What position is the State Department taking on how that legislation fits in with the Good Friday Accord's requirements that the British government should advocate complete implementation of the Patton Commission's recommendations?

We even sent over the former head of DEA and a former head of our New York State Police, Mr. Constantine, to assist the British government in implementing the Patton Commission report. It then went to the House of Commons and not too much was done. As a matter of fact, it eroded some of the Patton Commission's recommendations and had it shipped over to the House of Lords. Could you tell us where that stands, what the State Department is trying to do to make certain the Patton Commission report is going to be properly implemented?

Mr. RIES. We—as you know, Mr. Chairman, we have long supported the process of developing peace and reconciliation in northern Ireland. The President has been second to none in his efforts to find the solution and support the Good Friday Accords. We have—as you allude to, we made available expertise from the United States to help Chris Patton in his work.

The peace process in northern Ireland is at a delicate stage. It is important that the involved institutions function, and it is important that all the parties stay in the government of the province and we support the British and Irish governments in their efforts. In order that they have the flexibility to bring all parties to the table, we are not and have not specified a position on the individual issues before—on the table between the parties.

I note that the legislation has not been passed. It is still under discussion. There is no final resolution of a policing bill. My understanding is that Parliament is expecting to pass it sometime in November. So it is really at a delicate stage.

Chairman GILMAN. It is delicate to the entire peace process; and I would hope that your department, particularly your office, would weigh in with the British government to see what can be done to implement the Patton Commission report. We met with Mr. Patton not too long ago, and he was very much concerned about the implementation of the report which we considered to be a very substantial and very important report to reform the policing mechanism, the RUC in Northern Ireland. We would welcome your review of all of that.

Mr. RIES. Thank you very much.

Chairman GILMAN. Just one or two more questions. Have we received any indication as to whether the EU or any of the European countries plan to contribute to Plan Colombia to help combat the serious narcotics problem there as we move ahead to authorizing funding for Plan Colombia to help President Pastrana and meet these threats to his country.

Mr. RIES. I am not sure we have the specific numbers here. Yes, several European countries are planning to make contributions in support of Plan Colombia. I know the Spanish have pledged a substantial sum of money and several others have. The Spanish hosted a pledging conference in July; and my understanding is that they are hosting another one, I believe, this month or next on Plan Colombia. And several other European countries are interested in financing various aspects. Europeans may actually take up buttressing programs that support the objectives of Plan Colombia while not necessarily Plan Colombia itself. That seems to be the attitude of some countries. I do know that the Spanish have been steadfast in their interest in supporting Plan Colombia.

Chairman GILMAN. What about the EU itself? Does the EU plan to support Plan Colombia?

Mr. RIES. The EU Commission, the European Commission, which is sort of the executive arm of the EU, has buttressing assistance programs in Colombia as I suggested.

Chairman GILMAN. And they will be providing funding to assist?

Mr. RIES. They do provide funding, and presumably they will be doing more. That is an issue for the next pledging conference.

Chairman GILMAN. I have about one last question, Mr. Secretary.

I understand that the Deutsche Telekom recently took concrete action to block the deployment of U.S. developed wireless technology in Europe. That technology is called Code Division Multiple Access, or CDMA. Specifically, Deutsche Telekom recently ordered Westel, which is a Hungarian wireless operator that was planning a trial U.S. technology to, and I quote, terminate any act, actions and measures regarding the utilization of CDMA, including testing, close quote.

The Westel trial is the first major step of CDMA in Europe. Deutsche Telekom is a majority owner of Westel. Were you aware of that situation, Mr. Secretary, and what will the State Department do to ensure that American technologies have access to the European wireless marketplace?

Mr. RIES. The specific situation in Hungary I have only recently been aware of. Let me come back to that via the overall policy.

Mr. Chairman, in my period of time in London we worked very hard to make sure that the rules for so-called third generation wireless were technology neutral. Our view has been that there are various technologies including CDMA, as you mentioned, and TDMA and other kinds of technologies to increase the bandwidth and speed with which data is put over mobile networks and we thought that we should not be in a position of choosing a winner technology. So we fought in the international telecommunications union to get a technology neutral specification for third generation wireless.

We are now in the phase of implementation of third generation wireless, and it is our feeling equally that the implementation should be technology neutral on the part of governments. We will follow up in this case that you mention to ensure that there is no improper influence brought to bear by the German government or others to prejudge a technology which—where the marketplace should really be the judge.

Chairman GILMAN. Mr. Secretary, we have been reading some comments in the press over the last few days regarding a secret agreement between Vice President Gore and Russian Prime Minister Victor Chernomyrdin regarding arms sales; and, if true, we would be dismayed to think that the Vice President accepted without protest a letter from Russian Prime Minister Chernomyrdin instructing him to keep their agreement secret from third parties including the Congress. If that be the case, it would indicate a disturbingly casual disregard by the Administration for Congress as an integral branch of government under our constitutional system.

I don't expect the Vice President to be responsible for something a Russian official may have written in a letter, but I think the Congress and the American people have a right to expect their Administration to clarify that Congress is not a third party that can be kept in the dark and, if that is the case, it is the U.S. Constitution that should be the controlling legal authority. Are you familiar with this situation at all?

Mr. RIES. I am afraid not, sir. As you recall, Russia and things Russian have been hived off of the area that we are responsible for.

Chairman GILMAN. Have been what?

Mr. RIES. The European Bureau, the bureau that I work in, is not directly responsible for Russian affairs.

Chairman GILMAN. Which bureau is responsible for Russian affairs?

Mr. RIES. Well, there is an organization that is associated with the Secretary's office that handles Russian affairs.

Chairman GILMAN. What organization is that, Mr. Secretary?

Mr. RIES. It is the Office of the Special Representative for Russia and Newly Independent States.

Chairman GILMAN. Who is in charge of that organization?

Mr. RIES. Operationally Steve Sestanovich.

Chairman GILMAN. And they consult with you with regard to any Russian problems?

Mr. RIES. Well, surely if they involve the Europeans, yes.

Chairman GILMAN. Would this, do you think, involve Europeans, this recent contention with regard to a secret arms deal with Russia?

Mr. RIES. I am not familiar with it in detail. It is—as you described it, it is not self-evident that it would.

Chairman GILMAN. I would hope you would familiarize yourself with it. It appeared in the Washington Times, it appeared in the New York Post within the last few days, and it is something that we are very much concerned about.

Mr. RIES. I will take that back, sir.

Chairman GILMAN. I would hope you would take a look at it and get back to your Committee with regard to any information you may be able to provide.

Mr. RIES. We will do that.

Chairman GILMAN. Thank you very much.

Unless there are some further discussions from our staff, the hearing is adjourned; and I thank you for the appearance.

Mr. RIES. Thank you, sir.

[Whereupon, at 11:10 a.m., the Committee was adjourned.]

## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE BENJAMIN A. GILMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, COMMITTEE ON INTERNATIONAL RELATIONS

This morning's hearing on Developments in Western Europe will provide the members of this Committee the opportunity to review our policy toward that region of the world in which our core national interests are most engaged. The majority of our allies are there, the bulk of our international trade and investment is with the countries of this vital region, and, of course, it is with these countries that we share our fundamental values and institutions.

Although our overall relations with these nations are excellent, it would be a mistake to not take stock of them and assess those areas where we differ and disagree. This is particularly true as the members of the European Union continue to work on the "European Project" creating the bonds and institutions that have already led to a single European Currency, as well as efforts to forge a common foreign and security policy that are the main attributes of a single sovereign state. The implications of these developments may be profound for the citizens of our own country, but in this time of unprecedented peace and prosperity, are not much discussed outside the bounds of policy making circles and our institutions of higher learning.

The European Project has not been without its own difficulties. The dramatic plunge in the value of the euro since it was launched last year is evidence of these problems, as is the ongoing difficulty in agreeing to enlarge the European Union to include some of the countries of central and eastern Europe that have long regarded EU membership as a cementing of their status as independent states sharing in the free-market and democratic traditions embodied in the countries of the West.

Attitudes among Europe's elite toward America are also shifting in the aftermath of the Cold War. Comments by officials of one of our closest allies suggest for instance that Europe should be concerned about tendencies in this country to pursue "neo-unilateral" policies, and that European integration is necessary to provide a counter-weight to curb the exercise of American power. How widespread these critical attitudes are among the countries we look to as partners for cooperative efforts to meet those challenges that confront all of us is a significant question which we hope our witness from the State Department will be able to address this morning.

I would like to welcome Principal Deputy Assistant Secretary Charles Ries (REESE) of the Bureau for European Affairs, and thank him for his appearance at this hearing. Mr. Ries transferred to the Bureau earlier this year from our Embassy in London where he served as the Minister Counselor for Economic Affairs. Prior to that assignment, he served at our Mission to the European Union and has served in a number of interesting positions related primarily to our trade and economic policies.

Mr. Ries you may proceed with your testimony which will be entered in full in our record.

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PREPARED STATEMENT OF CHARLES RIES, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE, BUREAU FOR EUROPEAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman, I am pleased to have this opportunity to meet with you today to review US objectives and challenges in Europe. The policy landscape shifted dramatically during the 90's, as the fall of the Berlin Wall, the collapse of the Soviet Union, the break-up of Yugoslavia and a new phase in European integration created a very different set of problems and opportunities. We believe that we are well posi-

tioned now, at the beginning of this new American century, to protect American interests in Europe, and in partnership with Europeans around the world, through the changes we have put in place: an enlarged NATO; a deeper US-EU relationship; and a strengthened OSCE.

The great lesson of the 20th century is that the destinies of North America and Europe are joined. If Europe is at peace, America is more secure. If Europe prospers, America does so as well. In an increasingly integrated and globalized world, our security, prosperity and democracy depend on each other, so our work in Europe is not complete. Old lines of division have given way, but we still must complete new networks of cooperation. And, although no power today menaces Europe or the US, terrorism, weapons of mass destruction, and environmental degradation are just some of the critical challenges that must be addressed, and are best addressed by Europe and the US together. Thus, our goal is to build an enhanced relationship with Europe that is:

- a relationship with Europe as a whole, not just the western half.
- a relationship in which defense and security remain priorities, but in which economic prosperity and addressing global threats receive increased attention.
- a relationship that considers conflict prevention and crisis management as priorities for cooperation.
- a relationship where the US and Europe share, risks and burdens, but also the responsibility to find solutions to threats and crises beyond Europe, and
- a relationship that recognizes the realities of the new global economy.

#### *Three Opportunities*

Building this new relationship means addressing three opportunities. Our first opportunity is *in* Europe itself—ensuring the continuing integration of the continent, so that conflict in Eastern Europe becomes as inconceivable as conflict in Western Europe and hope for a better life is shared across the continent. This means working with our partners to complete the integration of Europe's democracies into NATO and the EU, strengthen our partnerships with Russia and Ukraine, and transform southeastern Europe—including Serbia—from a primary source of instability to a fully integrated part of the transatlantic community, and improve relations between Greece and Turkey—the key to lowering tensions and increasing cooperation in the Aegean.

The second opportunity is *between* Europe and America—strengthening and deepening the bonds between our societies in ways that make a positive, tangible difference in the daily lives of our citizens. Our societies are more integrated than at any time in our respective histories. More than 14 million workers on both sides of the Atlantic owe their livelihoods to our \$1 trillion trade and investment relationship, the largest and freest in the world. European companies are the largest foreign investors in 41 of the 50 states, and American companies continue to invest about as much in Europe as they do in the rest of the world combined. This is why we view the Euro not as a threat but as a sign of our continuing partnership with Europe.

But the bonds are not just economic. The North Atlantic Treaty Organization (NATO) is as vibrant as ever, and more countries are clamoring to join. We have an interest in more balanced burden- and responsibility-sharing. That is why we actively support the Partnership for Peace and the candidate countries' efforts to reform and modernize their military forces. And that is why we support a European Security and Defense Identity that strengthens the trans-Atlantic relationship and enhances Europe's defense capabilities.

Our third opportunity extends *beyond* Europe and America improving our ability to deal with issues in the wider world that neither of us, acting alone, will be able to confront effectively. When we pull together, the transatlantic community is the engine of progress on every world-scale issue. When we pull in different directions, the engine is less efficient.

#### *The Challenges Ahead*

How do we pursue this relationship with Europe? First and foremost, we need to work in Europe's southeast corner. Our immediate challenge there is to help build democracy, which is the key to our strategy for the region. Open, integrated democracies built on the rule of law don't occur overnight, but when democratic governments emerge, the international community needs to nurture them.

The swearing-in of Vojislav Kostunica as the democratically-elected president of the Federal Republic of Yugoslavia is an extraordinary victory for the people of Yugoslavia, who have clearly chosen democracy and a future in Europe over dictatorship and repression. Along with our European Allies, we look forward to engaging

President Kostunica's government and to bringing Belgrade into the international community. A democratic Serbia committed to the rule of law—the establishment of which President Kostunica has made one of his primary goals—will be a welcome addition to Southeast Europe. President Kostunica has affirmed adherence to the Dayton agreement for Bosnia and to UNSCR 1244 on Kosovo. A democratic Yugoslavia can provide a new basis for strengthening regional cooperation and advancing democratic and economic development throughout the region. We expect Yugoslavia to meet the same standards on human rights, rule of law and cooperation with the international community, as applied to others.

Key to the success of this effort will be doing our part to consolidate the democratic changes in Belgrade. We want to show the people of Serbia there is an immediate democracy dividend. We are working in close cooperation with our European Allies to this end. One of our first steps has been to take steps to lift the oil embargo and the flight ban, as President Clinton announced on October 12. Lifting sanctions accords with the implicit promise we made when we imposed them—that a return to democracy by the people of Serbia would be rewarded. Moreover, sanctions-lifting is a promise we have made explicitly over the past weeks, as we sought to strengthen the opposition during the FRY electoral campaign. We will also ensure that such measures do not allow Milosevic supporters to continue the systematic theft of resources that have marked the last thirteen years. In that vein, we will continue to enforce a ban on travel to the US by top members of the Milosevic regime, and keep in place measures that help the new government deter a looting of the national patrimony.

We will also review our restrictions on Serbia's participation in international financial institutions as Serbia makes its democratic transition and meets its international obligations. Our positive engagement with Croatia, which led to that country's turnaround in cooperation with The Hague, will serve as a valuable model.

We should continue and, as appropriate, increase assistance to meet humanitarian needs and strengthen democracy in the FRY. We are consulting with Congress in the context of the appropriations discussions, which are still ongoing, and the fact that the new government is still in the process of forming to determine appropriate levels of assistance. We welcome the initiative of the European Union to invite the European Commission and the World Bank to lead in evaluation of needs and coordination of economic and financial assistance to the FRY.

Europe is leading the partnership to reconstruct *Kosovo*. Europe and Canada have 82 percent of the troops on the ground there. According to the World Bank, Europe has contributed 63% of total donor assistance—excluding humanitarian assistance—to Kosovo in 2000. The US has pledged 14%. In Kosovo—and through the *Stability Pact* for Southeastern Europe—we and our partners have acted decisively on our conviction that Europe's future will be shaped by the democratic integration to which most people in the region aspire rather than by the demagogic exploitation of ethnic and other differences that have brought untold tragedy to this region over the past decade. On March 30 in Brussels, we agreed with our European partners to launch \$2.3 billion-worth of "quick-start" programs to get these countries back on their feet: to rebuild transportation, water and energy infrastructure; to reopen borders; and disarm local militias. Out of that \$2.3 billion, the US share is \$77.65 million—only about 3.2 percent. The United States has also nurtured the growth of regional cooperation among the frontline states through the Southeast European Co-operative Initiative to combat cross-border crime, facilitate regional trade and transportation and lower barriers to commerce and investment.

While we have accomplished a great deal in the region, we face very real risks and tensions at present. Ethnic hatred remains very much alive in Kosovo, and Albania and Bosnia are fragile. Important elections in the region will be held in the next 60 days. They must succeed. We are committed to working with our European partners to transform this region from a primary source of instability to a fully integrated part of the transatlantic community. We welcome their contribution as part of a more balanced partnership, where the US does not always carry the biggest burden. But, we must have the resources available in the future to continue to make our contribution, to respond flexibly and swiftly to changing circumstances, and to continue our SEED programs to stabilize, transform and integrate Bosnia and the remainder of Southeast Europe into the European and transatlantic mainstream.

There is much work to be done at *NATO* and on European security issues. We will continue to work with the members of the European Union to implement this year's decisions on the European Security and Defense Identity (ESDI). Kosovo demonstrated the clear gap between US and European military capabilities. ESDI and NATO's Defense Capabilities Initiative are the way for Europe to take more responsibility for its own defense. A stronger European military contribution will make the Alliance stronger, lift some of the burden on the US to act in crises, and make the

US-European relationship more of a partnership, while in no way eroding the transatlantic Alliance.

We need to keep NATO's door open to new members, perhaps as early as the Summit in 2002, through the Membership Action Plan and our bilateral security assistance programs (FMF and IMET). We should help the nine candidates—Estonia, Latvia, Lithuania, Romania, Bulgaria, Slovenia, Slovakia, Macedonia, and Albania—become the best candidates they can be, Furthering NATO enlargement continues the process of developing a Europe that is whole and free, and consistent with our security interests. At the same time, membership of new candidates will be decided on the basis of their contributions to the Alliance.

We must continue to deal with threats posed by weapons of mass destruction (WMD) and the means of their delivery with our European allies and partners. The Allies recognized that proliferation can pose a direct military threat to Allied territory, populations and forces. This was the starting point of the NATO summit's WMD initiative. On that basis, we have consulted closely with our Allies on development of a *national missile defense* system. The President's decision in September to defer deployment reflected these consultations as well as the three other key issues of the threat, technology, and cost effectiveness. The consultations with Allies confirmed that WMD and missile proliferation remains a serious concern to the Alliance and a threat to which Allies must respond militarily.

At the same time, Allies want to preserve deterrence and arms control as a means of responding to the WMD threat. We have made clear to our Allies that we need to continue to deal with the issue of missile defense. We will need to continue to consult with them about how to cooperate on common missile defense efforts which meet our and their security needs and maintain the unity of the Alliance in this critical area.

We want to strengthen the Organization for Security and Cooperation in Europe (OSCE) by working closely with the Chairman-in-Office, the Secretary General and member states and improve its ability to address emerging crises through rapid deployment of civilian expertise using innovative tools such as REACT. OSCE missions in many countries, funded through PKO funds, help alleviate conflict and reinforce human rights practices. And we are using OSCE as, an important tool in our fight against trafficking in women and children.

Our relationship with the *European Union* is a multifaceted one. We strive for ways to work effectively with the EU on common challenges worldwide and to reduce barriers against us. Two-way trade between the US and EU is robust and we are each other's largest foreign investors. Yet significant trade disputes between us remain stubbornly unresolved. We will be making strenuous diplomatic—and public diplomacy—efforts to find a basis for opening European markets consistent with world trade rules. We also will use the early warning and problem prevention principles agreed upon at the Bonn US-EU Summit to prevent regulatory and other minor differences from becoming major disputes. Our ultimate goal remains building a barrier-free, simple, transatlantic marketplace that sets world standards for protection of consumers, the environment and labor.

But our relationship with the European Union reaches far beyond trade and economics, just as the Union itself extends beyond its origins as the European Coal and Steel Community. Together, we continue to knock down global economic barriers and advance peace in Southeastern Europe, the Korean Peninsula, and the Middle East. Together, we promote nuclear safety in Ukraine and Russia, respond to natural disasters, attack trafficking in women in Eastern Europe, and defend human rights. We fight infectious diseases—including AIDS—in Africa, arrest child pornography on the Internet, and develop a global early warning network against communicable diseases. And together, we prevent the proliferation of weapons of mass destruction and fight criminals, terrorists and drug traffickers wherever they may be.

We continue to advance US interests in the *Eastern Mediterranean*. We are working with the parties toward a bicomunal, bizonal settlement on Cyprus. We will continue to encourage Greece and Turkey, two allies, to develop closer ties between them. We will work with Turkey to put it in the strongest possible position to attain its European aspirations in the economic and security spheres. But our tasks are made more difficult, not just in the eastern Mediterranean, but in the Caucasus and Middle East as well, by actions that alienate a key regional ally, the Republic of Turkey.

In *Northern Ireland*, we support the efforts of local leaders and the governments of Ireland and the United Kingdom to achieve a lasting political settlement. The US contribution to the International Fund for Ireland promotes private investment and free enterprise, while the Walsh Visa Program provides needed vocational training and multicultural experience to disadvantaged youth that might otherwise turn to violence.

We have also made enormous progress in correcting the wrongs of the past. The Department worked closely with Deputy Secretary of the Treasury Stuart Eizenstat in reaching an international agreement to provide payments to individuals who served as slave laborers for German firms during World War II. We are on the verge of completing a similar agreement with Austria. We estimate that over a million people, including several thousand Americans, are eligible for payments under these arrangements. In addition, we played an important role earlier this month at the Vilnius Forum which furthered international efforts to assure the return of Nazi-looted art works to their rightful owners.

Through the *Northern Europe Initiative*, we seek a Baltic Sea region in which its countries have developed a vibrant and multifaceted culture of cooperation in key areas of political, economic, and social development, characterized by positive, constructive Baltic-Russian relations, greater Russian engagement with its Baltic Sea neighbors, and continued regional engagement by the Nordic countries and Germany. Small amounts of SEED, FSA, and D&CP funding leverage support from our Nordic partners to pursue an increased number of NEI projects and greater involvement of Russia. Here I'd like to acknowledge the support that this committee, and particularly Rep. Gejdensen, has given to our initiative with the passage this summer of H.R. 4249, the "Cross-Border Cooperation and Environmental Safety in Northern Europe Act of 2000." This Act recognizes the importance of promoting regional cooperation in the Baltic Sea region and, most importantly, the need for continued funding to do this important work. We appreciate this support.

The bottom line: our partnership with Europe does real things for real people. It generates jobs. It stimulates investment. It reduces the threats we face from crime, terrorism, nuclear arms proliferation, drugs, and disease. It increases our security and cuts the cost to the American taxpayer of achieving that security. When it works, it enables us to achieve goals we could not achieve alone. When it does not, stalemate and crisis can result. But making it work requires the resources—the personnel, facilities, and funding—to pursue expanding US interests.

QUESTION FOR THE RECORD FOR PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR EUROPEAN AFFAIRS CHARLES RIES FROM REPRESENTATIVE BENJAMIN GILMAN, CHAIRMAN, HOUSE INTERNATIONAL RELATIONS COMMITTEE

*Question:*

Is there a uniform policy among our European allies on the U.S. NMD effort?

*Answer:*

Although many of our European Allies expressed initial skepticism and even opposition to NMD1, there is no "uniform" view among them. We also believe that their final views on this issue are far from set.

Starting last fall, we initiated a regular pattern of briefing the Allies on NMD, the threat posed by missile proliferation, and our discussions with the Russians on ABM Treaty issues and further strategic arms reductions. These consultations have been useful in building greater appreciation among the Allies about the extent and nature of the threat and the need to respond to it. This has already led to more openness among Allies to consider the issue of missile defense.

At the same time, many European Allies want to preserve deterrence and arms control as means of responding to the WMD threat. They continue to be concerned about the implications of abrogating the ABM Treaty, believing that doing so could undermine what they see as a major pillar of global strategic stability. Allies also continue to stress the importance of our maintaining a dialogue with Russia on this subject.

We have made clear to our Allies that we will have to continue to deal with missile defense. We plan to continue our pattern of briefing European Allies and partners on this issue, as well as maintaining dialogue with the Russians. We also intend to consult with them about how to cooperate on common missile defense efforts which meet our and their security needs and maintain the unity of the Alliance in this critical area.